

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Township of Woodhull	County Shiawasee
Fiscal Year End 3/31/2006	Opinion Date 6/1/2006	Date Audit Report Submitted to State September 20, 2006	

We affirm that:

We are certified public accountants licensed to practice in Michigan.


We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES NO Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Maner, Costerisan & Ellis, P.C.		Telephone Number 517-323-7500	
Street Address 544 Cherbourg Drive, Suite 200		City Lansing	State MI
		Zip 48917	
Authorizing CPA Signature 		Printed Name Jeffrey C. Stevens, CPA	License Number 1101015823

TOWNSHIP OF WOODHULL
REPORT ON FINANCIAL STATEMENTS
(with required supplementary and additional information)
YEAR ENDED MARCH 31, 2006

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Floyd L. Costerisan
Leon A. Ellis (1933-1988)

INDEPENDENT AUDITORS' REPORT

Township Supervisor and
Members of the Township Board
Township of Woodhull
Shiawassee County, Michigan

June 1, 2006

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Township of Woodhull as of and for the year ended March 31, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Woodhull as of March 31, 2006, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Township Supervisor and
Members of the Township Board
Township of Woodhull
Shiawassee County, Michigan

June 1, 2006

The management's discussion and analysis budgetary comparison information on pages vi through xv and 18 through 23 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Woodhull's basic financial statements. The combining and individual fund financial statements and other additional information presented in pages 24 through 42 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and other additional information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Maner, Costeusan + Ellis, P.C.

Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Township of Woodhull (Township), we offer readers of the Township of Woodhull's financial statements this narrative overview and analysis of the financial activities of the Township of Woodhull for the fiscal year ended March 31, 2006.

FINANCIAL HIGHLIGHTS

- The assets of the Township exceeded its liabilities at the close of the most recent fiscal year by approximately \$1.7 million dollars (net assets). Of this amount, approximately \$665 thousand (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by approximately \$61 thousand.
- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of approximately \$727 thousand, an increase of \$64 thousand in comparison with the prior year. Approximately \$631 thousand is available for spending.
- At the end of the current fiscal year, unreserved fund balance for the general fund was approximately \$568 thousand, or 152 percent of total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary and additional information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Township's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., delinquent personal property taxes).

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Township include general government, public safety, public works, and recreation and cultural.

The government-wide financial statements can be found on pages 1 and 2 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Township maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, which is considered to be a major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The Township adopts an annual appropriated budget for its general fund and special revenue funds. Budgetary comparison statements have been provided for the general fund in the required supplementary information and for the special revenue funds in the additional information to demonstrate compliance with budgets.

The basic governmental fund financial statements can be found on pages 3 through 5 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 6 of this report.

Notes to the financial statements. The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 7 through 17 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Township's general fund budget. Required supplementary information can be found on pages 18 through 23 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented on pages 33 through 36. Combining and individual fund statements and schedules can be found on pages 31 through 42 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of government's financial position. In the case of the Township, assets exceeded liabilities by \$1.7 million at the close of the most recent fiscal year.

By far the largest portion of the Township's net assets (58 percent) reflects its investment in capital assets (e.g., land, building, machinery, infrastructure, and equipment), less any related debt used to acquire those assets that is still outstanding. The Township uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the Township does not have any outstanding debt.)

Township of Woodhull's Net Assets

	Governmental activities	
	2006	2005
Current and other assets	\$ 747,301	\$ 720,894
Capital assets	1,021,426	1,025,651
Total assets	1,768,727	1,746,545
Current liabilities	15,442	54,059
Net assets:		
Invested in capital assets	1,021,426	1,025,651
Restricted	66,260	64,186
Unrestricted	665,599	602,649
Total net assets	\$ 1,753,285	\$ 1,692,486

An additional portion of the Township's net assets (4 percent) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets (\$665 thousand) may be used to meet the government's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the Township is able to report positive balances.

The government's net assets increased by \$61 thousand during the current fiscal year. The majority of this increase represents the degree in which increases in ongoing revenues have outstripped similar increases in ongoing expenditures.

Governmental activities. Governmental activities increased the Township's net assets by approximately \$61 thousand. Key elements of this increase are as follows:

Township of Woodhull's Changes in Net Assets

	Governmental activities	
	2006	2005
Revenues:		
Program revenues:		
Charges for services	\$ 4,922	\$ 4,933
General revenues:		
Property taxes:		
Levied for general purposes	149,853	126,005
Fire and ambulance levy	170,755	175,409
State sources	261,723	259,942
Special assessments	4,445	5,290
Cable franchise fee	8,920	8,892
Investment earnings	7,650	10,111
Other	1,825	3,423
Total revenues	610,093	594,005
Expenses:		
General government	189,288	210,992
Public safety	198,841	170,263
Public works	112,839	38,163
Cultural and recreational	33,549	18,695
Other functions	14,777	15,478
Total expenses	549,294	453,591
Increase in net assets	60,799	140,414
Net assets, beginning of year	1,692,486	1,552,072
Net assets, end of year	\$ 1,753,285	\$ 1,692,486

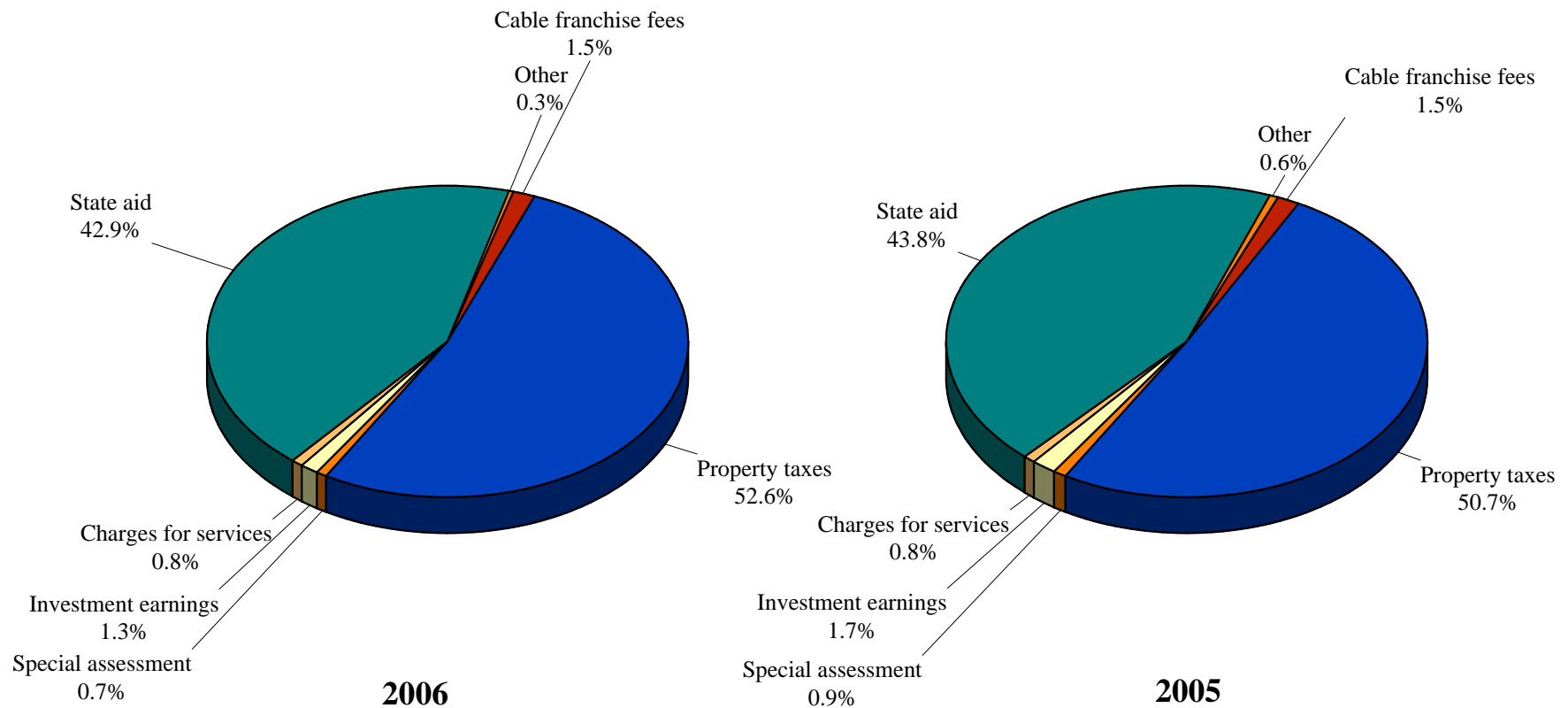
- Property taxes increased by \$19,194 (6 percent) during the year. Most of this increase is in the increase in taxable value of properties.
- Overall government activities revenue increased \$16,088 from the prior year. The increase in property taxes contributes to the increase in revenue.
- Expenses for governmental activities went from \$453,591 to \$549,294, an increase of \$95,703. Majority of the increase in expenses is due to road repairs and maintenance.

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.

TOWNSHIP OF WOODHULL

Revenues by Source - Governmental Activities

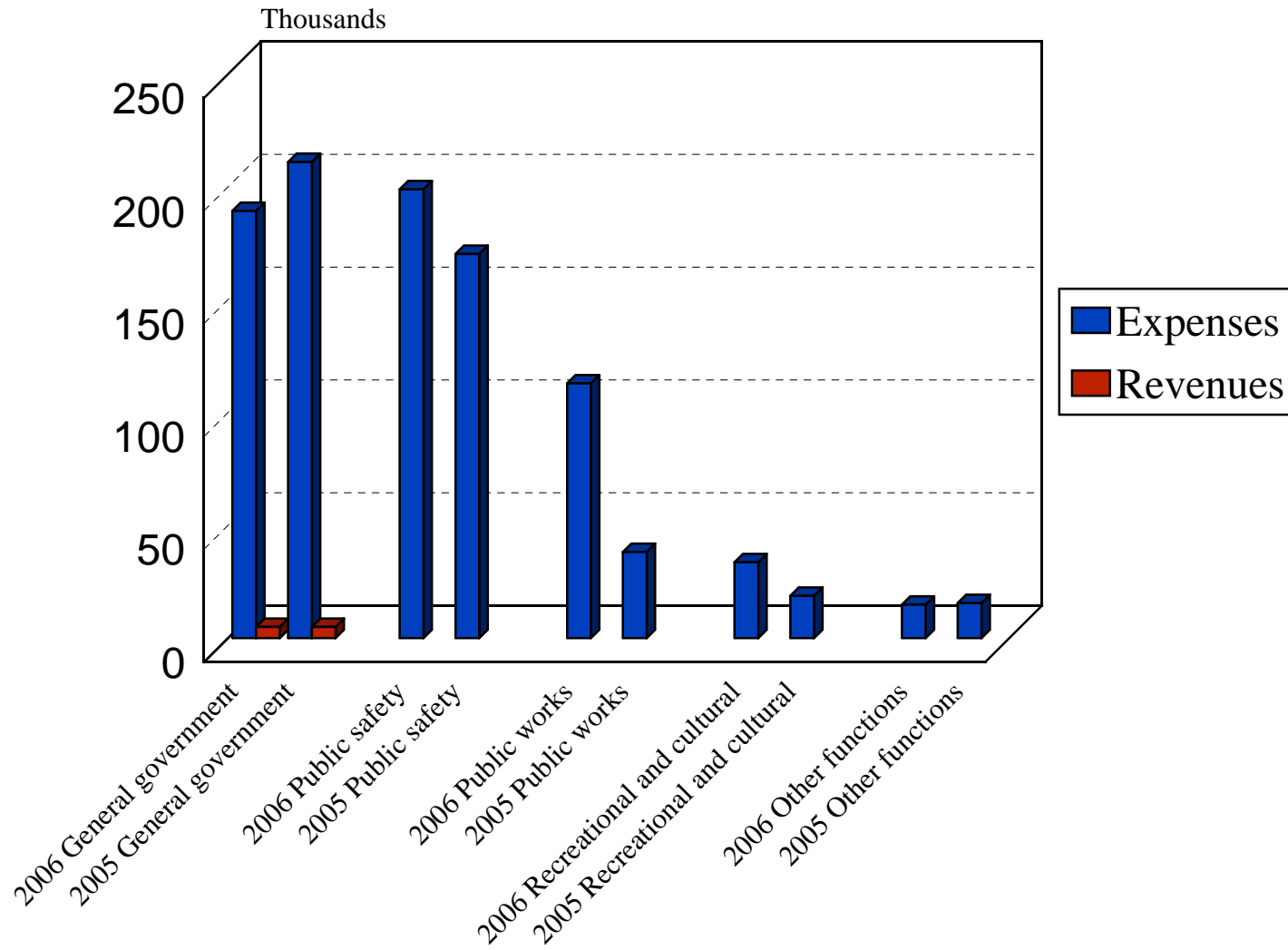
March 31



TOWNSHIP OF WOODHULL

Expenses and Program Revenues - Governmental Activities

March 31, 2006 and 2005



Financial Analysis of the Government's Funds

As noted earlier, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balance of \$727,202, an increase of \$64,396 in comparison with the prior year. Approximately 87 percent of this total amount (\$631,323) constitutes unreserved fund balance, which is available for spending at the government's.

The general fund is the chief operating fund of the Township. At the end of the current fiscal year, unreserved and undesignated fund balance of the general fund was \$567,870, while total fund balance reached \$597,489. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved and undesignated fund balance represents 152 percent of total general fund expenditures, while total fund balance represents 160 percent of that same amount.

The fund balance of the Township's general fund increased by \$61,925 during the current fiscal year. The key factors in this increase is as follows:

- Increase in the taxable value of properties
- Due to the continued economic downturn the Township departments were very conservative when making purchases. This was also an important factor in limiting the decrease in the general fund net assets.

General Fund Budgetary Highlights

The final amended budget decreased appropriations by \$60,566 from the original budget and can be summarized as follows:

- \$35,319 decrease in general government activities
- \$26,532 increase in public safety activities
- \$51,779 decrease in other functions

The main reason for the changes resulted from reallocating expenses across the different governmental activities. During the year, budgetary estimates for expenditures were more than actually incurred. The main reason for this was the reduction in spending for general government, township hall and grounds, and public works. In addition, the Township did not have to use any of the budgeted contingency or emergency funds.

Capital Asset and Debt Administration

Capital assets. The Township's investment in capital assets for its governmental and business type activities as of March 31, 2006, amounts to \$1,021,426 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, and office equipment and furniture. The total decrease in the Township's investment in capital assets for the current fiscal year was 0.4% percent.

Major capital asset events during the current fiscal year included the following:

Township of Woodhull's Capital Assets (net of depreciation)

	Governmental activities	
	2006	2005
Land	\$ 35,072	\$ 35,072
Buildings	830,717	861,079
Land and building improvements	132,057	102,578
Machinery and equipment	15,455	14,705
Office equipment and furniture	8,125	12,217
	<u>\$ 1,021,426</u>	<u>\$ 1,025,651</u>

Additional information on the Township's capital assets can be found in Note 4 on page 14 of this report.

Economic Factors and Next Year's Budgets and Rates

Township of Woodhull's goal is to continually look for the most efficient and effective methods to maintain and enhance the services that are provided to the public. The Township has a conservative and financially prudent budget for the fiscal year 2006 that also promotes and funds numerous project objectives.

The Township has deliberately made conservative estimates concerning state revenue sharing for fiscal year 2006 due to the budget constraints at the State level. It has also estimated investment earnings conservatively anticipating a slow increase in interest rates.

There were no rate increases estimated for fiscal year 2006.

Requests for Information

This financial report is designed to provide a general overview of the Township's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Township Manager's Office, P.O. Box 166, 7315 West Beard Road, Shaftsbury, Michigan 48882.

BASIC FINANCIAL STATEMENTS

**TOWNSHIP OF WOODHULL
STATEMENT OF NET ASSETS
MARCH 31, 2006**

	Governmental activities
ASSETS	
CURRENT ASSETS:	
Cash	\$ 483,123
Investments	234,289
Receivables:	
Accounts receivable	15,917
Taxes - current and delinquent	13,972
TOTAL CURRENT ASSETS	747,301
CAPITAL ASSETS:	
Land	35,072
Other capital assets, net of accumulated depreciation	986,354
TOTAL CAPITAL ASSETS	1,021,426
TOTAL ASSETS	1,768,727
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES:	
Accounts payable	7,581
Accrued payroll and related withholding	7,861
TOTAL LIABILITIES	15,442
NET ASSETS:	
Invested in capital assets	1,021,426
Restricted for perpetual care	66,260
Unrestricted	665,599
TOTAL NET ASSETS	\$ 1,753,285

**TOWNSHIP OF WOODHULL
STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2006**

Functions/programs	Expenses	Program revenues			Net (expense) revenue and changes in net assets
		Charges for services	Operating grants and contributions	Capital grants and contributions	Total governmental activities
Primary government:					
Governmental activities:					
General government	\$ 189,288	\$ 4,922	\$	\$	\$ (184,366)
Public safety	198,841				(198,841)
Public works	112,839				(112,839)
Culture and recreational	33,549				(33,549)
Other functions	14,777				(14,777)
Total governmental activities	<u>\$ 549,294</u>	<u>\$ 4,922</u>	<u>\$</u>	<u>\$</u>	<u>(544,372)</u>
General revenues:					
Taxes:					
Property taxes, levied for general purposes					149,853
Fire and ambulance levy					170,755
State revenue sharing					261,723
Special assessment					4,445
Interest income					7,650
Cable franchise fees					8,920
Other					1,825
Total general revenues					<u>605,171</u>
Change in net assets					60,799
NET ASSESTS, beginning of year					<u>1,692,486</u>
NET ASSESTS, end of year					<u>\$ 1,753,285</u>

See notes to financial statements.

TOWNSHIP OF WOODHULL
BALANCE SHEET
GOVERNMENTAL FUNDS
MARCH 31, 2006

	General	Other governmental funds	Total governmental funds
ASSETS			
ASSETS:			
Cash	\$ 320,408	\$ 162,715	\$ 483,123
Investments	234,289		234,289
Receivables:			
Accounts receivable	8,919		8,919
Taxes - current and delinquent	9,315		9,315
Due from fiduciary funds		6,998	6,998
Due from other funds	40,000		40,000
TOTAL ASSETS	\$ 612,931	\$ 169,713	\$ 782,644
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Accounts payable	\$ 3,760	\$	\$ 3,760
Accrued payroll and related items	7,861		7,861
Due to fiduciary funds	3,821		3,821
Due to other funds		40,000	40,000
TOTAL LIABILITIES	15,442	40,000	55,442
FUND BALANCES:			
Designated for:			
Parks department	29,619		29,619
Reserved for perpetual care		66,260	66,260
Undesignated	567,870	63,453	631,323
Total fund balances	597,489	129,713	727,202
TOTAL LIABILITIES AND FUND BALANCES	\$ 612,931	\$ 169,713	\$ 782,644

	General	Other governmental funds	Total governmental funds
Total Governmental Fund Balances			\$ 727,202
Amounts reported for governmental activities in the statement of net assets are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:			
Cost of the capital assets		\$ 1,368,861	
Less accumulated depreciation		347,435	
			1,021,426
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds			
Delinquent personal property taxes receivable, less allowance for doubtful accounts			4,657
Net assets of governmental activities			\$ 1,753,285

TOWNSHIP OF WOODHULL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED MARCH 31, 2006

	<u>General</u>	<u>Other governmental fund</u>	<u>Total governmental funds</u>
REVENUES:			
Local sources:			
Property taxes	\$ 149,225	\$ 170,755	\$ 319,980
Licenses and permits	725		725
Charges for services	2,072		2,072
Special assessments	4,445		4,445
Investment earnings	7,004	646	7,650
Township hall rental	2,125		2,125
Cable franchise fees	8,920		8,920
Other		1,825	1,825
	<hr/>	<hr/>	<hr/>
Total local sources	174,516	173,226	347,742
State revenue sharing	261,723		261,723
	<hr/>	<hr/>	<hr/>
Total revenues	436,239	173,226	609,465
	<hr/>	<hr/>	<hr/>
EXPENDITURES:			
Current:			
General governmental	197,126		197,126
Public safety	20,724	170,755	191,479
Public works	112,839		112,839
Culture and recreational	28,848		28,848
Other functions	14,777		14,777
	<hr/>	<hr/>	<hr/>
Total expenditures	374,314	170,755	545,069
	<hr/>	<hr/>	<hr/>
Net change in fund balances	61,925	2,471	64,396
	<hr/>	<hr/>	<hr/>
FUND BALANCES:			
Beginning of year	535,564	127,242	662,806
	<hr/>	<hr/>	<hr/>
End of year	\$ 597,489	\$ 129,713	\$ 727,202
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**TOWNSHIP OF WOODHULL
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2006**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ 64,396
Governmental funds report capital outlay as expenditures in the statement of activities. These costs are allocated over their estimated useful lives as depreciation:	
Depreciation expense	(52,938)
Capital outlay	48,713
Revenue is recorded on the accrual method in the statement of activities; in the governmental funds it is recorded on the modified accrual method and not considered available:	
Accrued revenue beginning of the year - primarily delinquent personal property tax	(4,029)
Accrued revenue end of the year - primarily delinquent personal property tax	<u>4,657</u>
Change in net assets of governmental activities	<u>\$ 60,799</u>

**TOWNSHIP OF WOODHULL
FIDUCIARY FUND
STATEMENT OF FIDUCIARY NET ASSETS
MARCH 31, 2006**

	Current tax collection fund
	<hr/>
ASSETS	
Cash	\$ 11,248
Due from general fund	<hr/> 3,821
	<hr/> \$ 15,069 <hr/>
LIABILITIES	
Liabilities:	
Due to other governmental units	\$ 8,071
Due to special revenue fund	<hr/> 6,998
	<hr/> \$ 15,069 <hr/>

TOWNSHIP OF WOODHULL
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Township of Woodhull have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Reporting Entity

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision whether to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic - but not the only - criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities.

Based upon the application of these criteria, the financial statements of the Township of Woodhull include the accounts of all Township operations. The Township's major operations include planning and zoning, road maintenance, street lighting, cemetery, paramedic services, cultural and recreational services and general administrative services. Fire protection services are provided through the Laingsburg, Sciota, Woodhull Fire Authority. The Township has no oversight responsibility for any other governmental entity since no other entities are considered to be controlled by or dependent on the Township.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues rely to a significant extent on fees and charges for support.

TOWNSHIP OF WOODHULL
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-wide and fund financial statements (Concluded)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, are recorded only when payment is due.

Franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all the financial resources of the general government, except those required to be accounted for in another fund.

TOWNSHIP OF WOODHULL
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Additionally, the government reports the following fund types:

Special revenue funds - The *special revenue funds* accounts for revenue sources that are legally restricted for specific purpose (not including expendable trusts or major capital projects). The Township's special revenue funds include the Township improvement revolving fund, LSW fire authority millage fund and ambulance service revolving fund.

Permanent fund - The Township utilized the Cemetery Perpetual Care fund to account for principal trust amounts received and related interest.

Additionally, the government reports as fiduciary funds, the tax collection fund (agency fund).

The *agency fund* is utilized to account for the Township's collection of taxes for other governmental units.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions, including special assessments and the public safety millage. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

TOWNSHIP OF WOODHULL
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets

1. Cash and Investments

Cash includes amounts in demand deposits. Short term investments include instruments allowed by state statute subsequently described. Short term investments are amortized cost or fair value

State statutes authorize the Township to invest in bonds, securities and other direct and certain indirect obligations of the U.S. Treasury, which include securities issued or guaranteed by the Government National Mortgage Association; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase. The Township is also authorized to invest in U.S. government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

2. Short-term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

3. Receivables

Receivables consist primarily of amounts for taxes and customer charges. Delinquent amounts are ultimately added to the tax roll and become a lien on the property. No allowance for doubtful accounts is considered necessary for the accounts and current taxes receivable. An allowance is recorded related to delinquent personal property taxes amounting to fifty percent of the total.

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure (usage rights), are reported in the applicable governmental activity column in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of 2 years. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

**TOWNSHIP OF WOODHULL
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

D. Assets, Liabilities and Net Assets (Concluded)

4. Capital Assets (Concluded)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Property, plant and equipment of the primary government is depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Building	30
Land and building improvements	15
Office equipment and furniture	5 - 7
Machinery equipment	10

5. Interfund transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-reoccurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

6. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

7. Estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

TOWNSHIP OF WOODHULL
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - LEGAL COMPLIANCE - BUDGETS

Budgets are adopted on a basis consistent with accounting principals generally accepted in the United States of America. Annual appropriated budgets are adopted for the general fund and special revenue funds. All appropriations lapse at fiscal year-end.

Encumbrances represent commitments related to unperformed contracts for goods or services. The Township does not utilize encumbrance accounting.

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to the first regular Township Board meeting in April, the Township supervisor submits to the Township Board a proposed operating budget for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at the Township Hall to obtain taxpayer comments.
3. After the annual meeting in March and prior to April 1, the budget is legally enacted through passage of a motion.
4. The Township Clerk is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Township Board.
5. Formal budgetary integration is employed as a management control device during the year for the general fund.
6. Budgets for the general fund and special revenue funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as amended by the Township Board at various times. Individual amendments were not material in relation to the original appropriation. All annual appropriations lapse at fiscal year-end.
7. Encumbrances represent commitments related to unperformed contracts for goods or services. The Township does not utilize encumbrance accounting.

**TOWNSHIP OF WOODHULL
NOTES TO FINANCIAL STATEMENTS**

NOTE 3 - CASH AND INVESTMENTS

As of March 31, 2006, the Township had no investments as defined by generally accepted accounting principles. The investments reported on the face of the financial statements consist of certificates of deposits.

Interest rate risk. In accordance with its investment policy, the Township will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by: avoiding the need to sell securities prior to maturity and investing operating funds primarily in short term securities, money market mutual funds or similar public investment pools. Securities shall not normally be sold prior to maturity except to minimize loss of principal; to improve the quality, yield or target duration in the portfolio, or to meet liquidity needs.

Credit Risk. State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations. (NRSROs).

Concentration of credit risk. The Township will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Township's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Custodial credit risk-deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. As of March 31, 2006, \$324,802 of the Township's bank balance of \$728,660 was exposed to custodial credit risk because it was uninsured and uncollateralized. Certificate of deposits are included in the above totals.

Custodial credit risk-investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township had no investments at March 31, 2006.

Foreign currency risk. The Township is not authorized to invest in investments which have this type of risk.

The deposits are reported in the financial statements as follows:

Cash - Fiduciary fund	\$ 11,248
Cash - Township wide	483,123
Investments - Township wide (certificates of deposits)	<u>234,289</u>
Total	<u><u>\$ 728,660</u></u>

TOWNSHIP OF WOODHULL
NOTES TO FINANCIAL STATEMENTS

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in the general fixed assets account group during the fiscal year:

	Balance April 1, 2005	Additions	Deletions	Balance March 31, 2006
Primary government:				
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 35,072	\$	\$	\$ 35,072
Capital assets, being depreciated:				
Buildings	932,534			932,534
Land and building improvements	217,911	43,304		261,215
Machinery and equipment	99,185	5,409	1,863	102,731
Office equipment and furniture	37,309			37,309
Total capital assets, being depreciated	1,286,939	48,713	1,863	1,333,789
Less accumulated depreciation for:				
Buildings	71,455	30,362		101,817
Land and building improvements	115,333	13,825		129,158
Machinery and equipment	84,480	4,659	1,863	87,276
Office equipment and furniture	25,092	4,092		29,184
Total accumulated depreciation	296,360	52,938	1,863	347,435
Total capital assets, being depreciated, net	990,579	(4,225)	-	986,354
Total	\$ 1,025,651	\$ (4,225)	\$ -	\$ 1,021,426

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 22,942
Cultural and recreational	10,701
Public safety	19,295
Total depreciation - governmental activities	\$ 52,938

TOWNSHIP OF WOODHULL
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of March 31, 2006 is as follows:

Due to/from other funds:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Non major - special revenue	\$ 40,000

The outstanding balance between funds result mainly from expenditures paid for by the general fund. The general fund expects to collect the balance in the subsequent year.

NOTE 6 - PROPERTY TAX

Property taxes become an enforceable lien on the property as of December 1. Taxes are levied on December 1 and are due without penalty prior to February 14. The Township bills and collects its own property taxes and also the taxes for the county, intermediate school district, community college and school districts. School district taxes are also collected and remitted to schools in July, August and September. Any taxes uncollected at September 14 are added to the winter tax roll. All tax collections are accounted for in the tax collection fund, an agency fund. Township tax revenues are recognized in the fiscal year following the December 1 levy date. Property taxes levied for the ensuing year's revenue are included in taxes receivable and deferred revenue. Property tax receivables related to delinquent taxes are also deferred unless collected within 60 days of year-end.

The Township is permitted by state statute to levy taxes up to \$1.00 per \$1,000 of assessed valuation for general government services other than the payment of principal and interest on long-term debt and in unlimited amounts for the payment of principal and interest on long-term debt. The Township levied \$.9191 per \$1,000 of assessed valuation for general government services.

Also the Township levied \$.9916 to provide fire, emergency services, including maintaining and operating a fire department, fire hall and related equipment.

NOTE 7 - PENSION PLAN

The Township of Woodhull has a Group Pension Plan which was established on May 1, 1984. This defined contribution plan covers only the board members of the Township. Vesting occurs upon entry into the plan. The contribution rate is set within the plan to increase at each \$1,000 increment of wages paid. The Township contributes 75% of the calculated annual contribution, with the employee contributing 25%. An employee may contribute an additional amount up to 10% of compensation. Total payroll expense for 2006 and 2005 were \$89,590 and \$96,815, respectively. The amount of payroll covered under the plan and corresponding pension costs for 2006 and 2005 amounted to \$52,040 and \$50,365, respectively. The pension expense for 2006 and 2005 were \$8,014 and \$8,200, respectively.

TOWNSHIP OF WOODHULL
NOTES TO FINANCIAL STATEMENTS

NOTE 8 - RELATED-PARTY TRANSACTIONS

As described in Note 1, Woodhull Township participates in a joint fire operation with the City of Laingsburg and Sciota Township. Fire Department operations are the responsibility of the Fire Authority. Transactions between the Fire Authority and Woodhull Township consist mainly of mileage transfers for Woodhull Township's share of fire department operations. Total payments to the Fire Authority amounted to \$106,180 and \$113,329 in 2006 and 2005, respectively, and are recorded in a special revenue fund.

NOTE 9 - JOINT VENTURE

Under authorization of State of Michigan statutes, Woodhull Township joined the City of Laingsburg and the Township of Sciota to form the Laingsburg, Sciota and Woodhull Fire Authority which provides fire protection services, emergency medical services and other emergency or safety services. Each governmental unit provides one member to the Board of Directors of the Fire Authority. The operating and capital budgets are funded by contributions from each government based on their respective tax valuations as they bear to total tax valuations.

Audited financial statements of the Fire Authority may be obtained from the Laingsburg, Sciota, Woodhull Fire Authority, 114 Woodhull Street, P.O. Box 96, Laingsburg, Michigan 48848. Condensed financial information of the Fire Authority as of March 31, 2005 is as follows (the audit as of March 31, 2006 was not yet completed):

Current assets	\$ 374,649
Non-current assets	<u>964,425</u>
Total assets	<u><u>\$ 1,339,074</u></u>
Liabilities	\$ 136,578
Fund equity	<u>1,202,496</u>
Total liabilities and fund equity	<u><u>\$ 1,339,074</u></u>
Expenses	<u>\$ 325,812</u>
Revenues:	
Charges for services	94,549
Operating grants - contributions	7,095
General revenues	<u>256,680</u>
Total revenues	<u>358,324</u>
Change in net assets	<u><u>\$ 32,512</u></u>

TOWNSHIP OF WOODHULL
NOTES TO FINANCIAL STATEMENTS

NOTE 10 - COMMITMENTS AND CONTINGENCIES

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township carries commercial insurance to cover any losses that may result from the above described activities. No settlements have incurred in excess of coverage for the year ended March 31, 2006 or any of the prior three years.

REQUIRED SUPPLEMENTARY INFORMATION

TOWNSHIP OF WOODHULL
REQUIRED SUPPLEMENTARY INFORMATION
BUDGET COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED MARCH 31, 2006

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget- positive (negative)</u>
REVENUES:				
Taxes:				
Real property taxes	\$ 115,800	\$ 106,800	\$ 113,155	\$ 6,355
Trailer park fees	600	587	662	75
Property tax administration fee	32,000	33,809	35,408	1,599
Licenses and permits	275	257	725	468
Charges for services	3,000	3,950	2,072	(1,878)
Special assessments	6,000	4,445	4,445	
Interest income	6,500	9,968	7,004	(2,964)
Township hall rental	4,600	3,500	2,125	(1,375)
Cable franchise fees	9,500	8,892	8,920	28
State revenue sharing	252,400	261,723	261,723	
	<u>430,675</u>	<u>433,931</u>	<u>436,239</u>	<u>2,308</u>
Total revenues				
	<u>430,675</u>	<u>433,931</u>	<u>436,239</u>	<u>2,308</u>
EXPENDITURES:				
Current:				
General government:				
Township board:				
Salaries	10,000	5,750	4,640	1,110
Postage	1,100	800	750	50
Memberships and dues	2,300	2,200	2,161	39
Transportation	350	170	124	46
Printing and publishing	1,500	1,300	1,076	224
Rentals	150	101	101	
Education	75			
Contributions	1,000	1,000	1,000	
Miscellaneous	15,000	8,000	7,054	946
	<u>31,475</u>	<u>19,321</u>	<u>16,906</u>	<u>2,415</u>
Total township board				
	<u>31,475</u>	<u>19,321</u>	<u>16,906</u>	<u>2,415</u>

**TOWNSHIP OF WOODHULL
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED MARCH 31, 2006**

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget- positive (negative)</u>
EXPENDITURES (Continued):				
Current:				
General government:				
Township supervisor:				
Salaries - elected	\$ 15,000	\$ 15,000	\$ 15,000	\$
Salaries - hourly	500			
Office supplies	600	530	526	4
Postage	225	30	28	2
Operating supplies	550			
Transportation	300	200	122	78
Repairs and maintenance	100			
Miscellaneous	275	180	169	11
Education	300	100	90	10
Capital outlay	100			
Total township supervisor	<u>17,950</u>	<u>16,040</u>	<u>15,935</u>	<u>105</u>
Elections:				
Salaries	2,000			
Capital outlay	100	(6)		(6)
Total elections	<u>2,100</u>	<u>(6)</u>		<u>(6)</u>
Attorney	<u>2,500</u>	<u>822</u>	<u>821</u>	<u>1</u>
Auditor	<u>9,000</u>	<u>11,900</u>	<u>11,900</u>	
Current:				
General government:				
Assessors:				
Salaries	19,000	20,100	18,800	1,300
Postage	1,200	725	725	
Operating supplies	1,200	700		700
Capital outlay	500			
Total assessors	<u>21,900</u>	<u>21,525</u>	<u>19,525</u>	<u>2,000</u>

**TOWNSHIP OF WOODHULL
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED MARCH 31, 2006**

	Original budget	Final budget	Actual	Variance with final budget- positive (negative)
EXPENDITURES (Continued):				
Clerk:				
Salaries - elected	\$ 15,500	\$ 15,500	\$ 15,500	\$
Salaries - hourly	2,500	2,400	2,012	388
Office supplies	500	572	572	
Postage	1,000	70	12	58
Transportation	350	160	175	(15)
Printing and publishing	300	6	6	
Repairs and maintenance	1,200	1,467	1,467	
Miscellaneous	50	76	67	9
Education	400	123	25	98
Capital outlay	3,000	1,860	1,860	
Total clerk	24,800	22,234	21,696	538
Board of review:				
Salary	800	878	437	441
Transportation	50	16	15	1
Printing and publishing	120	15	36	(21)
Miscellaneous	175	194	117	77
Education	250	230	75	155
Total board of review	1,395	1,333	680	653

TOWNSHIP OF WOODHULL
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED MARCH 31, 2006

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget- positive (negative)</u>
EXPENDITURES (Continued):				
Current:				
General government:				
Treasurer:				
Salaries - elected	\$ 16,900	\$ 16,900	\$ 16,900	\$
Salaries - hourly	4,500	4,721	4,604	117
Office supplies	800	700	694	6
Postage	2,800	2,503	2,503	
Transportation	400	420	366	54
Printing and publishing	5,000	4,800	2,555	2,245
Repairs and maintenance	1,000			
Miscellaneous	100			
Education	200			
Capital outlay	4,000	4,485	4,485	
Total treasurer	<u>35,700</u>	<u>34,529</u>	<u>32,107</u>	<u>2,422</u>
Township hall and grounds:				
Salaries	8,000	7,100	6,658	442
Operating supplies	1,000	800	644	156
Telephone	8,000	4,200	3,772	428
Insurance and bonds	16,000	14,900	14,898	2
Public utilities	6,500	5,540	5,669	(129)
Repairs and maintenance	15,000	7,000	6,905	95
Capital outlay	10,000	2,950	2,930	20
Total township hall and grounds	<u>64,500</u>	<u>42,490</u>	<u>41,476</u>	<u>1,014</u>

**TOWNSHIP OF WOODHULL
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED MARCH 31, 2006**

	Original budget	Final budget	Actual	Variance with final budget- positive (negative)
EXPENDITURES (Continued):				
Current:				
General government:				
Cemetery:				
Contractual services	\$ 18,000	\$ 15,000	\$ 15,129	\$ (129)
Public utilities	200	85	98	(13)
Repairs and maintenance	2,500	4,190	3,515	675
Miscellaneous	100			
Capital outlay	10,000	17,338	17,338	
Total cemetery	30,800	36,613	36,080	533
Total general government	242,120	206,801	197,126	9,675
Public safety:				
Firehall:				
Miscellaneous	1,000	62	62	
Capital outlay	10,000	17,677	17,677	
Total firehall	11,000	17,739	17,739	
Ambulance:				
Contracted services		25,028		
Planning commission:				
Salaries	4,785	2,950	2,360	590
Office supplies	125	25	25	
Transportation	200			
Printing and publishing	200			
Education	2,000			
Capital outlay	1,500	600	600	
Total planning commission	8,810	3,575	2,985	590
Total public safety	19,810	46,342	20,724	590

**TOWNSHIP OF WOODHULL
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED MARCH 31, 2006**

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget- positive (negative)</u>
EXPENDITURES (Concluded):				
Current:				
Public works:				
Highways, streets and bridges:				
Road maintenance, materials and supplies	\$ 129,460	\$ 102,881	\$ 102,881	\$
Street lighting	13,500	10,870	9,958	912
Total public works	142,960	113,751	112,839	912
Cultural and recreational:				
Recreation/parks department:				
Salaries	4,000	2,750	2,600	150
Contract mowing	7,000	6,135	6,135	
Printing and publishing	35			
Repairs and maintenance	5,000	773	742	31
Miscellaneous	250	165	179	(14)
Capital outlay	18,500	22,692	19,192	3,500
Total cultural and recreational	34,785	32,515	28,848	3,667
Other functions:				
Retirement - local unit share	15,000	13,225	8,014	5,211
Social security - local unit share	10,000	7,475	6,763	712
Contingency	15,000			
Emergency	1,000			
Total other functions	41,000	20,700	14,777	5,923
Total expenditures	480,675	420,109	374,314	20,767
NET CHANGE IN FUND BALANCE	<u>\$ (50,000)</u>	<u>\$ 13,822</u>	<u>\$ 61,925</u>	<u>\$ 23,075</u>
FUND BALANCE:				
Beginning of year			535,564	
End of year			<u>\$ 597,489</u>	

ADDITIONAL INFORMATION

**TOWNSHIP OF WOODHULL
GENERAL FUND
BALANCE SHEETS
MARCH 31, 2006 AND 2005**

ASSETS	<u>2006</u>	<u>2005</u>
ASSETS:		
Cash	\$ 320,408	\$ 307,926
Investments	234,289	224,747
Receivables:		
Accounts receivable	8,919	8,891
Taxes - current and delinquent	9,315	8,059
Due from TIRF fund	<u>40,000</u>	<u>40,000</u>
Total assets	<u><u>\$ 612,931</u></u>	<u><u>\$ 589,623</u></u>
 LIABILITIES AND FUND BALANCE		
LIABILITIES:		
Accounts payable	\$ 3,760	\$ 35,184
Accrued payroll and related items	7,861	8,030
Due to other funds	<u>3,821</u>	<u>10,845</u>
Total liabilities	<u>15,442</u>	<u>54,059</u>
FUND BALANCE:		
Designated for:		
Subsequent year expenditures		50,000
Parks department	29,619	26,806
Undesignated	<u>567,870</u>	<u>458,758</u>
Total fund balance	<u>597,489</u>	<u>535,564</u>
Total liabilities and fund balance	<u><u>\$ 612,931</u></u>	<u><u>\$ 589,623</u></u>

**TOWNSHIP OF WOODHULL
GENERAL FUND
STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEARS ENDED MARCH 31, 2006 AND 2005**

	<u>2006</u>	<u>2005</u>
REVENUES:		
Taxes:		
Real property taxes	\$ 113,155	\$ 96,024
Trailer park fees	662	624
Property tax administration fee	35,408	29,456
Other taxes		6
Licenses and permits	725	319
Charges for services	2,072	789
Special assessments	4,445	5,290
Interest income	7,004	9,560
Township hall rental	2,125	3,825
Cable franchise fees	8,920	8,892
Other		2,498
State revenue sharing	261,723	259,942
	<u>436,239</u>	<u>417,225</u>
Total revenue		
	<u>436,239</u>	<u>417,225</u>
EXPENDITURES:		
Current:		
General government:		
Township board:		
Salaries	4,640	6,010
Postage	750	751
Memberships and dues	2,161	2,170
Transportation	124	135
Printing and publishing	1,076	770
Rentals	101	96
Contributions	1,000	2,000
Miscellaneous	7,054	9,405
	<u>16,906</u>	<u>21,337</u>
Total township board		
	<u>16,906</u>	<u>21,337</u>

**TOWNSHIP OF WOODHULL
GENERAL FUND
STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEARS ENDED MARCH 31, 2006 AND 2005**

	<u>2006</u>	<u>2005</u>
EXPENDITURES (Continued):		
Current:		
General government:		
Township supervisor:		
Salaries - elected	\$ 15,000	\$ 14,100
Salaries - hourly		9
Office supplies	526	1,234
Postage	28	56
Transportation	122	150
Miscellaneous	169	11
Education	90	
	<u>15,935</u>	<u>15,560</u>
Total township supervisor		
Elections:		
Salaries		2,221
Transportation		89
Printing and publishing		22
Miscellaneous		587
Capital outlay		335
		<u>3,254</u>
Total elections		
Attorney	821	
Auditor	11,900	9,375
Consulting fee		1,467
Assessing:		
Salaries	18,800	19,000
Postage	725	682
Operating supplies		664
	<u>19,525</u>	<u>20,346</u>
Total assessing		

**TOWNSHIP OF WOODHULL
GENERAL FUND
STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEARS ENDED MARCH 31, 2006 AND 2005**

	<u>2006</u>	<u>2005</u>
EXPENDITURES (Continued):		
Current:		
General government:		
Clerk:		
Salaries - elected	\$ 15,500	\$ 14,220
Salaries - hourly	2,012	2,893
Supplies	572	584
Postage	12	982
Transportation	175	297
Printing and publishing	6	112
Repairs and maintenance	1,467	
Miscellaneous	67	29
Education	25	643
Capital outlay	1,860	
Total clerk	<u>21,696</u>	<u>19,760</u>
Board of review:		
Salary	437	603
Transportation	15	16
Printing and publishing	36	44
Miscellaneous	117	
Education	75	
Total board of review	<u>680</u>	<u>663</u>
Current:		
General government:		
Treasurer:		
Salaries - elected	16,900	16,000
Salaries - hourly	4,604	4,266
Office supplies	694	580
Postage	2,503	2,538
Transportation	366	418
Printing and publishing	2,555	4,781
Repairs and maintenance		432
Miscellaneous		19
Capital outlay	4,485	199
Total treasurer	<u>32,107</u>	<u>29,233</u>

**TOWNSHIP OF WOODHULL
GENERAL FUND
STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEARS ENDED MARCH 31, 2006 AND 2005**

	<u>2006</u>	<u>2005</u>
EXPENDITURES (Continued):		
Township hall and grounds:		
Salaries	\$ 6,658	\$ 5,984
Operating supplies	644	380
Telephone	3,772	6,135
Insurance and bonds	14,898	14,234
Public utilities	5,669	4,150
Repairs and maintenance	6,905	12,835
Capital outlay	2,930	4,127
	<u>41,476</u>	<u>47,845</u>
Oakes House:		
Public utilities		14
		<u>14</u>
Current:		
General government:		
Cemetery:		
Contractual services	15,129	13,991
Public utilities	98	95
Repairs and maintenance	3,515	1,034
Capital outlay	17,338	435
	<u>36,080</u>	<u>15,555</u>
Total cemetery	<u>36,080</u>	<u>15,555</u>
Total general government	<u>197,126</u>	<u>184,409</u>
Public safety:		
Planning commission:		
Salaries	2,360	4,130
Operating supplies	25	
Transportation		173
Printing and publishing		250
Education		700
Capital outlay	600	1,271
	<u>2,985</u>	<u>6,524</u>
Total planning commission	<u>2,985</u>	<u>6,524</u>

**TOWNSHIP OF WOODHULL
GENERAL FUND
STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEARS ENDED MARCH 31, 2006 AND 2005**

	<u>2006</u>	<u>2005</u>
EXPENDITURES (Continued):		
Firehall:		
Miscellaneous	\$ 62	\$
Capital outlay	17,677	
Total firehall	17,739	
Total public safety	20,724	6,524
Current:		
Public works:		
Highways, streets and bridges:		
Road maintenance, materials and supplies	102,881	27,301
Street lighting	9,958	10,862
Total public works	112,839	38,163
Recreation and cultural:		
Recreation and parks department:		
Salaries	2,600	2,550
Contract mowing	6,135	5,790
Repairs and maintenance	742	1,689
Miscellaneous	179	198
Capital outlay	19,192	2,751
Total recreation and cultural	28,848	12,978
Other functions:		
Retirement - local unit share	8,014	8,200
Social security - local unit share	6,763	7,278
Total other functions	14,777	15,478
Total expenditures	374,314	257,552

**TOWNSHIP OF WOODHULL
GENERAL FUND
STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEARS ENDED MARCH 31, 2006 AND 2005**

	<u>2006</u>	<u>2005</u>
EXPENDITURES (Concluded):		
OTHER FINANCING SOURCES (USES):		
Interfund transfers to other funds	\$	\$ (518,692)
Net change in fund balance	61,925	(359,019)
FUND BALANCE:		
Beginning of year	<u>535,564</u>	<u>894,583</u>
End of year	<u><u>\$ 597,489</u></u>	<u><u>\$ 535,564</u></u>

**TOWNSHIP OF WOODHULL
CAPITAL PROJECT FUND
BALANCE SHEETS
MARCH 31, 2006 AND 2005**

	<u>2006</u>	<u>2005</u>
ASSETS		
Due from other funds	\$ <u> </u>	\$ <u> </u>
 FUND BALANCE		
Designated	\$ <u> </u>	\$ <u> </u>

**TOWNSHIP OF WOODHULL
CAPITAL PROJECT FUND
STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEARS ENDED MARCH 31, 2006 AND 2005**

	<u>2006</u>	<u>2005</u>
REVENUES	\$	\$
EXPENDITURES:		
Capital outlay	<u> </u>	<u>567,189</u>
Excess of expenditures over revenues		(567,189)
OTHER FINANCING SOURCES:		
Operating transfer in	<u> </u>	<u>491,425</u>
NET CHANGE IN FUND BALANCE		(75,764)
FUND BALANCE:		
Beginning of year	<u> </u>	<u>75,764</u>
End of year	<u><u>\$</u></u>	<u><u>\$</u></u>

**TOWNSHIP OF WOODHULL
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
MARCH 31, 2006**

		<u>Permanent fund</u>	
	<u>Special revenue</u>	<u>Cemetery perpetual care fund</u>	<u>Total nonmajor governmental funds</u>
ASSETS			
ASSETS:			
Cash	\$ 96,455	\$ 66,260	\$ 162,715
Due from other funds	6,998		6,998
	<u>\$ 103,453</u>	<u>\$ 66,260</u>	<u>\$ 169,713</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Due to general fund	\$ 40,000	\$	\$ 40,000
FUND BALANCES:			
Reserved for perpetual care		66,260	66,260
Unreserved, undesignated	63,453		63,453
	<u>63,453</u>	<u>66,260</u>	<u>129,713</u>
TOTAL FUND BALANCES	<u>\$ 103,453</u>	<u>\$ 66,260</u>	<u>\$ 169,713</u>

TOWNSHIP OF WOODHULL
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED MARCH 31, 2006

	Special revenue	Permanent fund Cemetery perpetual care fund	Total nonmajor governmental funds
REVENUES:			
Taxes	\$ 170,755	\$	\$ 170,755
Interest income	397	249	646
Other		1,825	1,825
Total revenues	<u>171,152</u>	<u>2,074</u>	<u>173,226</u>
EXPENDITURES:			
Public safety:			
Fire operations	106,180		106,180
Ambulance service	<u>64,575</u>		<u>64,575</u>
Total expenditures	<u>170,755</u>		<u>170,755</u>
Net changes in fund balances	397	2,074	2,471
FUND BALANCES, beginning of year	<u>63,056</u>	<u>64,186</u>	<u>127,242</u>
FUND BALANCES, end of year	<u><u>\$ 63,453</u></u>	<u><u>\$ 66,260</u></u>	<u><u>\$ 129,713</u></u>

**TOWNSHIP OF WOODHULL
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
MARCH 31, 2006
(with comparative totals for March 31, 2005)**

	Township improvement revolving fund	LSW Fire authority millage fund	Ambulance service millage fund	Totals	
				2006	2005
ASSETS					
Cash	\$ 96,455	\$	\$	\$ 96,455	\$ 96,058
Due from other funds	6,998			6,998	6,998
	<u>\$ 103,453</u>	<u>\$</u>	<u>\$</u>	<u>\$ 103,453</u>	<u>\$ 103,056</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Due to general fund	\$ 40,000	\$	\$	\$ 40,000	\$ 40,000
Fund balances - undesignated	63,453			63,453	63,056
	<u>\$ 103,453</u>	<u>\$</u>	<u>\$</u>	<u>\$ 103,453</u>	<u>\$ 103,056</u>

**TOWNSHIP OF WOODHULL
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
YEAR ENDED MARCH 31, 2006
(with comparative totals for year ended March 31, 2005)**

	Township improvement revolving fund	LSW Fire authority millage fund	Ambulance service millage fund	Totals	
				2006	2005
REVENUES:					
Taxes	\$	\$ 106,180	\$ 64,575	\$ 170,755	\$ 175,409
Interest income	397			397	297
Total revenues	397	106,180	64,575	171,152	175,706
EXPENDITURES:					
Public safety:					
Fire operations		106,180		106,180	113,329
Ambulance service			64,575	64,575	62,080
Total expenditures		106,180	64,575	170,755	175,409
Net change in fund balances	397			397	297
FUND BALANCES, beginning of year	63,056			63,056	62,759
FUND BALANCES, end of year	<u>\$ 63,453</u>	<u>\$</u>	<u>\$</u>	<u>\$ 63,453</u>	<u>\$ 63,056</u>

**TOWNSHIP OF WOODHULL
BALANCE SHEETS
TOWNSHIP IMPROVEMENT REVOLVING FUND
SPECIAL REVENUE FUND
MARCH 31, 2006 AND 2005**

	<u>2006</u>	<u>2005</u>
ASSETS		
Cash	\$ 96,455	\$ 96,058
Due from other funds	<u>6,998</u>	<u>6,998</u>
	<u><u>\$ 103,453</u></u>	<u><u>\$ 103,056</u></u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Due to general fund	\$ 40,000	\$ 40,000
Fund balance - undesignated	<u>63,453</u>	<u>63,056</u>
	<u><u>\$ 103,453</u></u>	<u><u>\$ 103,056</u></u>

TOWNSHIP OF WOODHULL
BUDGETARY COMPARISON SCHEDULE
TOWNSHIP IMPROVEMENT REVOLVING FUND
SPECIAL REVENUE FUND
YEAR ENDED MARCH 31, 2006
 (with comparative actual amounts for the year ended March 31, 2005)

	<u>2006</u>		<u>2005</u>
		Variance final budget- positive (negative)	
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
REVENUES:			
Interest income	<u>\$</u>	\$ 397	\$ 297
		<u>\$ 397</u>	
FUND BALANCE, beginning of year		<u>63,056</u>	<u>65,759</u>
FUND BALANCE, end of year		<u>\$ 63,453</u>	<u>\$ 66,056</u>

**TOWNSHIP OF WOODHULL
BUDGETARY COMPARISON SCHEDULE
LSW FIRE AUTHORITY MILEAGE FUND
SPECIAL REVENUE FUND
YEAR ENDED MARCH 31, 2006
(with comparative actual amounts for the year ended March 31, 2005)**

	<u>2006</u>			<u>2005</u>
			Variance final budget- positive (negative)	
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
REVENUES:				
Fire millage	\$ 114,166	\$ 106,180	\$ (7,986)	\$ 113,329
EXPENDITURES:				
Public safety:				
Fire operations	<u>114,166</u>	<u>106,180</u>	<u>7,986</u>	<u>113,329</u>
Excess of revenues over expenditures	<u>\$</u>			<u>\$</u>
FUND BALANCE, beginning of year		<u> </u>		<u> </u>
FUND BALANCE, end of year		<u>\$</u>		<u>\$</u>

TOWNSHIP OF WOODHULL
BUDGETARY COMPARISON SCHEDULE
AMBULANCE SERVICE MILLAGE FUND
SPECIAL REVENUE FUND
YEAR ENDED MARCH 31, 2006
(with comparative actual amounts for the year ended March 31, 2005)

	<u>2006</u>			<u>2005</u>
			Variance final budget- positive (negative)	
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
REVENUES:				
Ambulance millage	\$ 69,480	\$ 64,575	\$ (4,905)	\$ 62,080
EXPENDITURES:				
Ambulance operations	<u>69,480</u>	<u>64,575</u>	<u>4,905</u>	<u>62,080</u>
Excess of revenues and expenditures	<u>\$</u>		<u>\$</u>	
FUND BALANCE, beginning of year		<u> </u>		<u> </u>
FUND BALANCE, end of year		<u>\$</u>		<u>\$</u>

TOWNSHIP OF WOODHULL
AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
YEAR ENDED MARCH 31, 2006

TOTAL ALL AGENCY FUNDS	Balance April 1, 2005	Additions	Deductions	Balance March 31, 2006
ASSETS				
Cash	\$ 3,997	\$ 3,265,777	\$ 3,258,526	\$ 11,248
Due from general fund	10,845		7,024	3,821
	<u>\$ 14,842</u>	<u>\$ 3,265,777</u>	<u>\$ 3,265,550</u>	<u>\$ 15,069</u>
LIABILITIES				
Due to general fund	\$	\$ 181,304	\$ 181,304	\$
Due to special assessment fund	6,998			6,998
Due to LSW fire authority		106,180	106,180	
Due to county	7,844	1,455,224	1,455,777	7,291
Due to intermediate school district		433,624	432,851	773
Due to community college		22,261	22,261	
Due to schools		991,567	991,567	
Due to others		75,617	75,610	7
	<u>\$ 14,842</u>	<u>\$ 3,265,777</u>	<u>\$ 3,265,550</u>	<u>\$ 15,069</u>

TOWNSHIP OF WOODHULL
AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
YEAR ENDED MARCH 31, 2006

CURRENT TAX COLLECTION FUND	Balance April 1, 2005	Additions	Deductions	Balance March 31, 2006
ASSETS				
Cash	\$ 3,997	\$ 3,261,601	\$ 3,254,350	\$ 11,248
Due from general fund	10,845		7,024	3,821
	<u>\$ 14,842</u>	<u>\$ 3,261,601</u>	<u>\$ 3,261,374</u>	<u>\$ 15,069</u>
LIABILITIES				
Due to general fund	\$	\$ 180,608	\$ 180,608	\$
Due to special assessment fund	6,998			6,998
Due to LSW fire authority		106,180	106,180	
Due to county	7,844	1,454,528	1,455,081	7,291
Due to intermediate school districts		433,624	432,851	773.00
Due to community college		22,261	22,261	
Due to schools		988,783	988,783	
Due to others		75,617	75,610	7
	<u>\$ 14,842</u>	<u>\$ 3,261,601</u>	<u>\$ 3,261,374</u>	<u>\$ 15,069</u>
TRAILER TAX COLLECTION FUND				
ASSETS				
Cash	<u>\$</u>	<u>\$ 4,176</u>	<u>\$ 4,176</u>	<u>\$</u>
LIABILITIES				
Due to general fund	\$	\$ 696	\$ 696	\$
Due to county		696	696	
Due to schools		2,784	2,784	
	<u>\$</u>	<u>\$ 4,176</u>	<u>\$ 4,176</u>	<u>\$</u>



Lamonte T. Lator
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Jeffrey C. Stevens
Linda I. Schirmer
Steven W. Scott
David M. Raeck
Robert E. Miller, Jr.
Steven B. Robbins
James E. Nyquist
James R. Dedyne

Timothy H. Adams
David B. Caldwell
Edward L. Williams, III
Timothy J. Orians
Dennis D. Theis

Walter P. Maner, Jr. (1921-2004)
Floyd L. Costerisan
Leon A. Ellis (1933-1988)

June 1, 2006

To the Township Supervisor and
Members of the Township Board
Township of Woodhull
Shaftsburg, Michigan

In planning and performing our audit of the financial statements of Township of Woodhull for the year ended March 31, 2006, we considered the Township's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit we became aware of certain matters that are opportunities for strengthening internal controls and operating efficiency. The comments and suggestions regarding those matters follow. This letter does not affect our report dated June 1, 2006, on the financial statements of the Township of Woodhull.

Expense reimbursements

On occasion, some expense reimbursement payments were made and the supporting documentation was not attached. The original invoice should always be retained as supporting documentation for any disbursement and it should be attached to the check stub.

To the Township Supervisor and
Members of the Township Board
Township of Woodhull
Shaftsburg, Michigan

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June 1, 2006

Adjusting Journal Entries (Repeat Comment)

Currently the Township makes adjusting journal entries as needed to reconcile the accounting records for transactions that do not flow through the regular cash receipts and disbursements systems. In order to provide better support for these transactions we recommend the supporting documentation for adjusting journal entries be centrally and chronologically filed.

Review Bank Statements (Repeat Comment)

At present, the Treasurer receives funds, makes an initial listing of the funds received, records the activity, and prepares the bank reconciliations. In order to enhance the system of internal controls, we recommend someone independent of the accounting function prepare the initial listing of funds received and, after the funds are deposited, compares the initial listing to the bank deposit slip. In addition, someone independent of the accounting and bank reconciliation process should open the bank statements and review them for any unusual checks or other transactions before giving them to accounting to perform the reconciliation.

An independent review of the bank statement will ensure that unusual items are investigated on a timely basis. While performing this review, the reviewer should review the prior month's bank reconciliation and account for the numerical check sequence each month and from month to month.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Township personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

To the Township Supervisor and
Members of the Township Board
Township of Woodhull
Shaftsburg, Michigan

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June 1, 2006

This report is intended solely for the information and use of the Township of Woodhull, management, and others within the Township, and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate the cooperation we received from your staff during our engagement and the opportunity to be of service.

Very truly yours,

Maner, Costeusan + Ellis, P.C.



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June 1, 2006

To the Audit Committee
Township of Woodhull
Shaftsbury, Michigan

We have audited the financial statements of the Township of Woodhull for the year ended March 31, 2006 and have issued our report thereon dated June 1, 2006. Professional standards require that we provide you with the following information related to our audit.

1. Our Responsibility under Generally Accepted Auditing Standards in the United State of America

As stated in our engagement letter dated April 8, 2005, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or illegal acts may exist and not be detected by us.

As part of our audit, we considered the internal control of the Township of Woodhull. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

2. Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Township of Woodhull are described in Note 1 to the financial statements. The Township adopted GASB #40 on April 1, 2005. No other new accounting policies were adopted and the application of existing policies was not changed during 2005/2006. We noted no transactions entered into by the Township during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

3. Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were estimated fixed assets lives for depreciation and the allocation of expenses among various funds.

4. Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the Township of Woodhull's financial reporting process (that is, cause future financial statements to be materially misstated). In our judgment, none of the adjustments we proposed, whether recorded or unrecorded by the Township of Woodhull either individually or in the aggregate, indicate matters that could have a significant effect on the Township of Woodhull's financial reporting process.

Net gain prior to year-end adjustments	\$ 14,640
Reverse prior year and record current year accounts receivable	27
Reverse prior year and record current year accounts payable	23,658
Reverse prior year and record current year accrued payroll	81
Adjust interest income	6,043
Adjust property taxes	1,256
Adjust pension expense	5,207
Adjust due from tax fund	7,025
Other	<u>3,988</u>
Net gain after year-end adjustments	<u>\$ 61,925</u>

5. Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

6. Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

7. Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Township of Woodhull's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

8. Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing our audit.

This information is intended solely for the use of the Audit Committee and management of the Township of Woodhull and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Maner, Costeusan + Ellis, P.C.